

B — REVENUE SUMMARY

GENERAL FUND AND PROPERTY TAX REPLACEMENT FUND REVENUES

Indiana's state revenue forecast, which includes estimates of state General Fund and Property Tax Replacement Fund revenues, is developed by the Revenue Forecast Technical Committee. The committee, which consists of budget agency, legislative caucus staff, and a representative from academia, updated its forecast for fiscal years 2003 through 2005 in April, 2003.

The U.S. economy entered a recession in March, 2001. As with past recessions centered around the manufacturing sector, Indiana felt the effects earlier than the nation. Employment peaked in Indiana in the second quarter of 2000. Between the second quarter of 2000 and the third quarter of 2003, employment in Indiana declined by 135,500. Non-farm personal income in the state grew at an average annual rate of 3.4%, or 1.6 percentage points more than inflation, during the same period. Steep declines in stock values combined with reduced corporate profits to further depress state revenues. As a result, General Fund and Property Tax Replacement Fund revenues declined by 1.0% in FY 2001 and 3.8% in FY 2002 – the first back-to-back declines in recorded history.

The revenue forecast for fiscal years 2003 through 2005 incorporates the following revenue measures enacted as part of HEA 1001-2002(ss):

- Cigarette and tobacco products taxes were increased effective July 1, 2002;
- The tax rates for sales and use taxes were increased effective December 1, 2002;
- Riverboat wagering taxes were restructured and a portion of the revenues directed to the Property Tax Replacement Fund.

General Fund and Property Tax Replacement Fund revenues are forecasted to increase by 13.4% in FY 2003, by 8.3% in FY 2004, and by 4.7% in FY 2005. Removing the revenue measures enacted as part of HEA 1001-2002(ss) reveals that this revenue forecast is for a slow recovery in state revenues. Without these revenue measures, the forecast would have been for General Fund and Property Tax Replacement Fund revenues to increase by 1.3% in FY 2003, by 3.1% in FY 2004, and by 4.5% in FY 2005.

The revenue forecast is based upon the following projections:

- Real growth in the nation's economy — as measured by real U.S. Gross Domestic Product — of 2.2 percent in the last quarter of FY 2003, 2.8 percent in FY 2004, and 3.4 percent in FY 2005;
- Inflation rates — as measured by the GDP implicit price deflator — of 1.6 percent for the last quarter of FY 2003, 1.6 percent in FY 2004, and 1.8 percent in FY 2005;
- Growth in Indiana non-farm personal income of 4.0 percent in the last quarter of FY 2003, 3.9 percent in FY 2004, and 4.9 percent in FY 2005.

STATE REVENUE FORECAST
Detail for General Fund and Property Tax Replacement Fund
Fiscal Years 2003, 2004, and 2005
April 10, 2003
(in millions)

	<u>Actual</u> <u>2002</u>	<u>Growth</u> <u>Over</u> <u>2001</u>	<u>Forecast</u> <u>2003</u>	<u>Percent</u> <u>Growth</u> <u>Over</u> <u>2002</u>	<u>Forecast</u> <u>2004</u>	<u>Percent</u> <u>Growth</u> <u>Over</u> <u>2003</u>	<u>Forecast</u> <u>2005</u>	<u>Percent</u> <u>Growth</u> <u>Over</u> <u>2004</u>
<u>General Fund</u>								
Sales	2,232.6	2.1%	2,287.8	2.5%	2,421.6	5.8%	2,540.2	4.9%
Individual	3,540.8	-6.3%	3,427.5	-3.2%	3,301.7	-3.7%	3,468.4	5.0%
Corporate	626.3	-11.0%	503.3	-19.6%	558.8	11.0%	578.4	3.5%
Subtotal "Big Three"	6,399.7	-4.1%	6,218.6	-2.8%	6,282.1	1.0%	6,587.0	4.9%
Cigarette	55.0	1.9%	290.3	427.8%	319.1	9.9%	320.6	0.5%
AB Taxes	14.0	6.9%	13.4	-4.3%	13.3	-0.7%	13.2	-0.8%
Inheritance	141.9	-13.3%	180.0	26.8%	120.0	-33.3%	120.0	0.0%
Insurance	176.2	20.9%	176.7	0.3%	177.1	0.2%	168.7	-4.7%
Interest	72.2	-48.8%	40.0	-44.6%	30.0	-25.0%	30.0	0.0%
Other	237.9	12.0%	259.3	9.0%	215.0	-17.1%	215.0	0.0%
Subtotal	697.2	-4.5%	959.7	37.7%	874.5	-8.9%	867.5	-0.8%
<u>Total General Fund</u>	7,096.9	-4.1%	7,178.3	1.1%	7,156.6	-0.3%	7,454.5	4.2%
<u>PTR Fund</u>								
Sales	1,528.8	2.0%	1,936.8	26.7%	2,461.4	27.1%	2,581.9	4.9%
Individual	N/A	N/A	288.0	N/A	537.5	86.6%	564.6	5.0%
Corporate	83.1	-45.1%	47.0	-43.4%	N/A	N/A	N/A	N/A
Gaming	N/A	N/A	425.4	N/A	537.0	26.2%	591.3	10.1%
<u>Total PTR Fund</u>	1,611.9	-2.3%	2,697.2	67.3%	3,535.9	31.1%	3,737.8	5.7%
<u>Total General & PTR Funds</u>	8,708.8	-3.8%	9,875.5	13.4%	10,692.5	8.3%	11,192.2	4.7%

Totals may not add due to rounding.

SUMMARY OF STATE REVENUES BY SOURCE

<u>Revenue Source Number</u>	<u>Revenue Source</u>	<u>Estimated Revenue FY 2003</u>	<u>Estimated Revenue FY 2004</u>	<u>Estimated Revenue FY 2005</u>
001-099	<u>TAXES</u>			
001-003	Property Taxes			
	General Fund	2,322	2,322	2,322
	Dedicated Funds	6,667,172	6,667,172	6,667,172
	Totals	6,669,494	6,669,494	6,669,494
005-006	Individual Income Taxes			
	General Fund	3,427,500,000	3,301,700,000	3,468,400,000
	Dedicated Funds	288,000,000	537,500,000	564,600,000
	Totals	3,715,500,000	3,839,200,000	4,033,000,000
010-012	Corporate Income Taxes			
	General Fund	503,300,000	558,800,000	578,400,000
	Dedicated Funds	47,000,000	0	0
	Totals	550,300,000	558,800,000	578,400,000
013-019	Inheritance Tax			
	General Fund	180,000,000	120,000,000	120,000,000
	Totals	180,000,000	120,000,000	120,000,000
020-025	Sales and Use Tax			
	General Fund	2,287,800,000	2,421,600,000	2,540,200,000
	Dedicated Funds	1,971,200,000	2,501,180,000	2,623,600,000
	Totals	4,259,000,000	4,922,780,000	5,163,800,000
026-029	Insurance Tax			
	General Fund	176,700,000	177,100,000	168,700,000
	Dedicated Funds	4,798,884	4,810,000	4,582,000
	Totals	181,498,884	181,910,000	173,282,000
030-034	Cigarette Tax			
	General Fund	290,300,000	319,100,000	320,600,000
	Dedicated Funds	59,917,920	60,916,190	61,202,540
	Totals	350,217,920	380,016,190	381,802,540
035-039	Alcoholic Beverage Tax			
	General Fund	13,400,000	13,300,000	13,200,000
	Dedicated Funds	23,200,000	23,100,000	23,000,000
	Totals	36,600,000	36,400,000	36,200,000
040-044	Motor Fuel Taxes			
	General Fund	3,469,000	3,469,000	3,469,000
	Dedicated Funds	1,015,810,000	1,015,810,000	1,015,810,000
	Totals	1,019,279,000	1,019,279,000	1,019,279,000
061	Riverboat Wagering Tax			
	General Fund	0	0	0
	Dedicated Funds	425,400,000	537,000,000	591,300,000
	Totals	425,400,000	537,000,000	591,300,000
090-099	Other Taxes			
	General Fund	14,400	14,400	14,400
	Totals	14,400	14,400	14,400
	Totals by Fund			
	General Fund	6,882,485,722	6,915,085,722	7,212,985,722
	Dedicated Funds	3,841,993,976	4,686,983,362	4,890,761,712
	Federal Funds	0	0	0
	<u>TOTAL TAXES</u>	<u>10,724,479,698</u>	<u>11,602,069,084</u>	<u>12,103,747,434</u>

Revenue Source Number	Revenue Source	Estimated Revenue FY 2003	Estimated Revenue FY 2004	Estimated Revenue FY 2005
100-129	<u>PERMITS AND LICENSES</u>			
100-109	Permits			
	General Fund	1,900,000	1,681,000	1,681,000
	Dedicated Funds	38,404,000	38,404,000	38,404,000
	Totals	40,304,000	40,085,000	40,085,000
110-119	Business Licenses			
	General Fund	31,500,000	26,120,000	26,120,000
	Dedicated Funds	8,647,000	8,647,000	8,647,000
	Totals	40,147,000	34,767,000	34,767,000
120-129	Vehicle Licenses			
	Dedicated Funds	539,738,000	539,738,000	539,738,000
	Totals	539,738,000	539,738,000	539,738,000
	Totals by Fund			
	General Fund	33,400,000	27,801,000	27,801,000
	Dedicated Funds	586,789,000	586,789,000	586,789,000
	Federal Funds	0	0	0
	<u>TOTAL PERMITS & LICENSES</u>	620,189,000	614,590,000	614,590,000
200-399	<u>CHARGES & MISCELLANEOUS</u>			
200-209	Fines and Penalties			
	General Fund	68,728,000	56,000,000	56,000,000
	Dedicated Funds	186,121,000	186,121,000	186,121,000
	Totals	254,849,000	242,121,000	242,121,000
220-229	Individual Support			
	General Fund	54,595,000	45,268,000	45,268,000
	Dedicated Funds	107,158,000	107,158,000	107,158,000
	Totals	161,753,000	152,426,000	152,426,000
250-259	Interest and Dividends			
	General Fund	40,000,000	30,000,000	30,000,000
	Dedicated Funds	13,290,000	10,000,000	10,000,000
	Totals	53,290,000	40,000,000	40,000,000
270-279	Examination & Registration Fees			
	General Fund	1,756,000	1,550,000	1,550,000
	Dedicated Funds	4,243,000	4,243,000	4,243,000
	Totals	5,999,000	5,793,000	5,793,000
300-349 & 390-399	State Sales			
	General Fund	7,400,000	6,136,000	6,136,000
	Dedicated Funds	109,111,000	109,111,000	109,111,000
	Totals	116,511,000	115,247,000	115,247,000
240-249	Rental of Property			
	General Fund	942,000	942,000	942,000
	Dedicated Funds	1,227,000	1,227,000	1,227,000
	Totals	2,169,000	2,169,000	2,169,000
280-289	Service Charges			
	General Fund	6,600,000	5,500,000	5,500,000
	Dedicated Funds	7,847,000	7,847,000	7,847,000
	Totals	14,447,000	13,347,000	13,347,000
210-219	Other Fees and Charges			
	General Fund	7,500,000	6,218,000	6,218,000
	Dedicated Funds	364,148,516	364,148,516	364,148,516
	Totals	371,648,516	370,366,516	370,366,516

Revenue Source Number	Revenue Source	Estimated Revenue FY 2003	Estimated Revenue FY 2004	Estimated Revenue FY 2005
900-905 & 955-956	Misc Receipts & Contributions General Fund	74,912,000	62,114,000	62,114,000
	Dedicated Funds	134,497,375	134,497,375	134,497,375
	Totals	209,409,375	196,611,375	196,611,375
Totals By Fund				
	General Fund	262,433,000	213,728,000	213,728,000
	Dedicated Funds	927,642,891	924,352,891	924,352,891
	Federal Funds	0	0	0
<u>TOTAL CHARGES & MISC. RCPTS.</u>		1,190,075,891	1,138,080,891	1,138,080,891
400-499	<u>INTERGOVERNMENTAL RCPTS.</u>			
	General Government			
	General Fund	0	0	0
	Federal Funds	2,972,616	2,973,696	2,972,616
	Totals	2,972,616	2,973,696	2,972,616
	Public Safety			
	General Fund	0	0	0
	Federal Funds	32,846,083	33,368,241	33,368,241
	Totals	32,846,083	33,368,241	33,368,241
	Conservation and Environment			
	General Fund	0	0	0
	Federal Funds	42,986,532	42,988,125	42,986,532
	Totals	42,986,532	42,988,125	42,986,532
	Economic Development			
	General Fund	0	0	0
	Federal Funds	1,133,002,397	1,087,102,397	1,087,102,397
	Totals	1,133,002,397	1,087,102,397	1,087,102,397
	Transportation			
	General Fund	0	0	0
	Federal Funds	649,814,049	642,636,373	649,804,373
	Totals	649,814,049	642,636,373	649,804,373
	Health and Human Services			
	General Fund	45,000,000	45,000,000	45,000,000
	Federal Funds	4,271,378,088	3,890,780,797	4,006,355,250
	Totals	4,316,378,088	3,935,780,797	4,051,355,250
	Education			
	General Fund	0	0	0
	Federal Funds	622,998,948	646,177,680	636,185,580
	Totals	622,998,948	646,177,680	636,185,580
	Local Government			
	General Fund	25,000,000	25,000,000	25,000,000
	Federal Funds	0	0	0
	Totals	25,000,000	25,000,000	25,000,000
Totals By Fund				
	General Fund	70,000,000	70,000,000	70,000,000
	Dedicated Funds	0	0	0
	Federal Funds	6,755,998,713	6,346,027,309	6,458,774,989
<u>TOTAL INTERGOV'T. RCPTS.</u>		6,825,998,713	6,416,027,309	6,528,774,989

Revenue Source Number	Revenue Source	Estimated Revenue FY 2003	Estimated Revenue FY 2004	Estimated Revenue FY 2005
Total Revenue by Fund				
	General Fund	7,248,318,722	7,226,614,722	7,524,514,722
	Dedicated Funds	5,356,425,867	6,198,125,253	6,401,903,603
	Federal Funds	6,755,998,713	6,346,027,309	6,458,774,989
<u>TOTAL ALL REVENUE</u>		<u>19,360,743,302</u>	<u>19,770,767,284</u>	<u>20,385,193,314</u>